

## **FINAL MEETING SUMMARY**

### **HANFORD ADVISORY BOARD**

#### **JOINT MEETING OF THE BUDGETS AND CONTRACTS AND RIVER AND PLATEAU**

##### **COMMITTEES**

***January 28, 2002***

***Richland, WA***

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*This is only a summary of issues and actions in this meeting. It may not represent the fullness of ideas discussed or opinions given, and should not be used as a substitute for actual public involvement or public comment on any particular topic unless specifically identified as such.*

### **Introduction**

Harold Heacock, Budgets and Contracts (BCC) Committee Chair, opened the meeting and gave a brief update on the morning's joint meeting of the BCC and Tank Waste Committees (TWC). The committee then adopted two meeting summaries from November 7<sup>th</sup> (one from a joint River and Plateau [RAP]-BCC meeting and one from a RAP meeting).

### **DOE-RL Fiscal Year 2001/2002**

Bob Tibbatts, U.S. Department of Energy – Richland Operations Office (DOE-RL), presented on the budget for Fiscal Year 2001, Fiscal Year 2002, and outyears. As far as uncosted funding, the only difference from 2000 and 2001 was supplemental funds. Fiscal Year 2002 is almost the same except for the Congressional allocation. In addition, the Defense Authorization Bill offers DOE-RL three opportunities to reprogram funds internally (they used to only have one opportunity). Finally, security upgrades after September 11<sup>th</sup> have added \$3.3 million in the form of a supplemental budget attached to the Defense Appropriation Bill.

The Administration's request for Fiscal Year 2003 is scheduled to go to Congress next Monday. Though they generally receive outyear guidance, they have not yet received anything on FY2004.

Harold Heacock announced that next week, after they receive the FY 2003 budget, there would be a BCC-sponsored meeting on Wednesday night. Everyone is welcome. Harold requested that Bob Rosselli, DOE-RL, attend to share what the agency knows at that time, since the intent is to discuss the budget request and develop draft advice for consideration at the February Hanford Advisory Board (HAB) meeting the following day. Bob responded that they would not have fully analyzed the impacts yet, but could share what they know at that time.

Pam Brown asked if Bob Rosselli had heard anything about a change in the structure of the budget. She had heard that Jesse Roberson, DOE-Headquarters, and the Office of Management and Budget (OMB) said that contractors performing well would really like the new budget, seeming to imply incentives going beyond contracts. Bob replied that he was not aware of any structure changes. Dennis Faulk, U.S. Environmental Protection Agency (EPA), reported that Mike Gearheard had specifically asked Jesse about the FY 2003 budget, and she said, "I think you people at Hanford will be pleased."

Bob Rosselli went over the handout describing DOE-RL's funding. The congressional request in FY 2001 was \$688 million, versus \$585 million in FY 2002. Congressional plus-ups were significant in 2002. DOE-RL's share in FY 2001 was \$717 million, versus \$730 million in FY 2002. They identified \$9 million of requirements to take care of the security posture on site this year.

OMB has decided again this year to issue quarterly apportionments. They gave about 32% in the first quarter and an additional 28% in January, so DOE has roughly 60% in hand. There will be additional increments in April and July. None of the contractors has any problems from a cash standpoint at this time.

Bob Rosselli gave an overview of the DOE-RL FY 2001 projects. The beginning uncosted balances were \$57,388,000 and the ending uncosted balances were \$74,331,000. There has been a lot of pressure from Congress and OMB to drive uncosted balances down, and DOE had done a good job. The Presidential request was \$585.7 million. The FY 2002 final allocation would be \$695.5 million, and with the FY 2001 carryover of \$74,331,000, the total available funds for FY 2002 would be \$769.8 million.

#### **Committee Discussion**

- Pam Brown pointed out that the total available funds are about \$770 million, but the DOE-RL workscope is \$713 million. She asked if the difference was carried forward. Bob Rosselli replied that \$713 million included \$18.3 million in supplemental funds. Subtracting that, the allocation number for FY 2002 is \$695, so \$18.3 million would be part of the \$74.3 million carryover. Maynard Plahuta asked if, in reality, \$769 million still had to remain uncosted. Bob replied that it was pretty flat with the exception of a supplemental increase.

- Gerry Pollet asked why Landlord and Hanford site services were in Project Completion rather than Post 2006 accounts. Bob Rosselli replied that when that was done for FY 2002, they had tried to align the funding with Fluor Hanford work and the River Corridor Contract. With regard to FY 2002, Landlord basically supports the Plutonium Finishing Plant (PFP) and the work Fluor is doing on the Central Plateau. Contractors have raised this concern because they feel it limits their flexibility.
- Keith Smith asked if there has been any effort to keep funds from being raided unduly with regard to site services.

### **Environmental Management Commitment Milestones**

In going over the Environmental Management (EM) commitment milestones, which covers commitments DOE made to contractors, Rich Holten, DOE-RL, noted that they did well with all milestones except plutonium alloys. Work has slowed in some areas out at the Plutonium Finishing Plant (PFP). The contractors have done fairly well at K Basins. Rich distributed a handout showing other accomplishments throughout the year, as well as a scorecard created by Keith Klein, DOE-RL.

Rich Holten and Louise Herndobbler discussed performance incentives. Louise explained that DOE had made arrangements to give Fluor Hanford the opportunity to make a certain fee per fiscal year. The fee would be approximately the same except at the end of the contract period. For FY 2001, Fluor earned \$16.5 million of about \$20 million available. About \$12.5 million was in the project area, and about \$7.6 million was in comprehensive incentives. Out of the \$12.5 million in the project, it earned about \$10 million, which is a major accomplishment. In the spent fuel area there was a difference of about \$2.3 million between earned and available fees in the project area. In the comprehensive area, it earned about \$6.4 million of the \$7.6 million available.

Fluor had an overall safety program in place in the comprehensive area. They had issues with specific safety management, however, particularly in the PFP, spent nuclear fuel, and 324 building. Fluor also had a fundamental project and operation management system in place but still needed some improvements in overall corporate leadership and communication issues, such as bringing concerns to DOE in a timely manner.

### **Committee Discussion**

- Pam Brown commented that the River and Plateau Committee (RAP) had been pretty thoroughly briefed about safety concerns in PFP and spent nuclear fuel. They heard from the Defense Nuclear Facilities Safety Board (DNFSB) that while there were some concerns in the early part of the year, they had really managed those concerns and dealt with them at the end of the year. Pam would be surprised if the reduction in fee was associated with those two projects. Rich Holten responded that DOE evaluates the whole year and take recovery into consideration.
- Keith Smith asked if DOE considered that the hard work to move spent nuclear fuel might still be to come. DOE replied that if the contractor did the easy work now and left the hard work for later, they would have left a balloon payment on the table. Bob

Rosselli added that they have to greatly increase the production rate to make it to the endpoint.

- Maynard Plahuta asked how the balloon payment and the increased fee over the years were factored into DOE's budget submissions. Rich Holten explained that when they put together the baseline, it is included as part of their budget proposal to DOE-Headquarters. The fee is based on the volume of work being done by fiscal year. In FY 2001 the volume of work should be more than \$20 million, but they have set aside some of that fee to be paid later. In any given fiscal year, the contractor cannot earn any more fee than DOE has allocated by fiscal year.

## **Regulatory Perspectives**

Dennis Faulk commented that EPA was very happy with most of Bechtel Hanford's performance, although they have an ongoing problem with waste management issues. Bechtel recently got a Notice of Violation (NOV), but Dennis was confident they would get it worked out. EPA's perspective is that Fluor is behind schedule on its spent fuel work. Dennis is very interested in the outcome of a lot of the groundwater work in the Central Plateau shifting from the Bechtel Hanford to the Fluor Hanford contract. Overall, he felt last year was pretty good for all of the contractors.

Melinda Brown, Ecology, introduced Jeff Lyons, the new Ecology Tank Waste Committee liaison. Melinda is the new Ecology liaison to the Budgets and Contracts Committee.

Rick Jamison, Ecology, confirmed that Ecology received and reviewed the T Plant sludge storage proposal, and the plan is going forward. They have made progress in removing waste from Hanford and shipping it to New Mexico. Rick suggested people look at the waste management information on the website.

The Tri-Party Agreement (TPA) milestones of most concern are the M-91 Series. A primary concern with the M-91 deals with plans and work directed at readying T Plant for K-Basin sludge acceptance. Another area of concern is that the plant has been used by DOE as a primary location for M-91 transuranic waste treatment. DOE as a primary factor for M-91 transuranic waste treatment has used the plant. Part of the plan is for on-site processing of M-91 waste volumes, although the details are still being developed. Ecology is in formal negotiations with DOE, and there has been a formal project management plan developed that is linked to the strategic waste management plan for Hanford. Ecology wants to come to agreement in the near future with regard to enforceable milestones for transuranic waste.

Rick Bond, Facilities Transition Project Manager for Ecology, briefly summarized the work accomplished last year at the Plutonium Finishing Plant (PFP). A lot of good work was done, including the completion of Rocky Flats ash. The funding is adequate for the future. Ecology is in negotiations for developing TPA milestones for the plant, and it is going very well. In addition, the work for the major cleanout of the B Cell in the 324 Building is essentially on time, well budgeted and stable for next year. Finally, the 200

Area is way ahead of schedule on moving uranium dispositioned last year from Portsmouth, Ohio, which was not scheduled until 2006.

Last year they were able to find very adequate funding for the Canyon Disposition Initiative project, completing the feasibility study and proposed plan. Using at least the U Plant canyon as a storage facility for some waste would be adequate. Other companion facilities will be determined in the future on a case-by-case basis.

Work on reactor buildings is way ahead of schedule and had adequate funding last year, as well. They compared a series of milestones for cleaning up storage sites at the 100 and 300 Areas in a package that was presented to the public. There were also reactor milestones in the package that were moved up.

Louise Herndobbler noted that out of the \$9.4 million Bechtel could earn in FY 2001; it got \$9.2 million. It earned 100% of project fees, but fell a little short in the comprehensive area. It also completed some super stretch incentives, and earned about \$750,000 for that. The total fee was almost \$10 million.

Melinda Brown emphasized that Ecology would consistently comment on the TPA, and she was very concerned that not even early budget guidance was coming forth from DOE-Headquarters. Ecology is committed to the budget process commitments in TPA Sections 148 and 149.

Pam Brown remarked that she had received the briefing book on the last C3T, meeting. She noted it identified 42 issues identified for efficiencies and cost savings. One of the opportunities for the DOE-Office of River Protection (DOE-ORP) and DOE-RL lies in the cesium and strontium that Hanford separated in the 1980s out of tank material. It is now contained underwater in stainless steel containers in the Waste Encapsulation and Storage Facility (WESF). Strontium accounts for 35% of the high-level radioactive waste at Hanford. The original plan was to vitrify it. Treating and disposing of strontium in a different way is one of the options being explored for cost savings. One goal is to get it out of WESF because of the \$8 million a year in mortgage costs and the want to close the facility.

Another C3T issue is the integration of all groundwater monitoring. Jane Hedges, Ecology, will talk to the RAP Committee about this in March.

They are also looking at opportunities to improve the volume that can be processed by the vitrification plant and additional separation technologies, to enable DOE-ORP to get 99% of the material out of the tanks by 2028.

Susan Leckband commented that the regulators and the Department were clearly less adversarial and working more in partnering relationships.

It is apparent to each high-level manager that the public is concerned with groundwater. Harry Boston, DOE-ORP, made it clear that DOE wants to see some successes, which

translates into trying to close one or two tanks in the near future. Harry also has said that DOE would not be removing the tanks themselves. EPA and Ecology have agreed to develop criteria to close a tank successfully and use the lessons learned to apply to the harder ones. Dennis Faulk, EPA, added that Ecology is looking at closing the tanks under landfill closure requirements. DOE-Headquarters is very pleased with the progress between DOE and the State at Hanford.

Dennis Faulk commented that EPA was struggling with how to include groundwater in the 200 Area change package, and he invited anyone to call him with ideas.

### **DOE-RL Fiscal Year 2004 and Outyear Budgets and Baselines**

Rich Holten indicated that DOE-RL had talked to the committee about the baseline two or three months ago. Core work on the 100 and 300 Areas lines up well with the budgets they have now. They also looked at a negotiation package for 200 Area remediation, which is consistent with the 2012 plan. M-91 is also consistent with the 2012 plan.

DOE-RL is also looking to the future and what it might mean if the budget were to stay flat for a few years. They will not change baseline until the C3T process is completed, so they do not have the schedule laid out yet for doing re-baselining.

Harold Heacock asked where they stood with the Canyon Disposition Initiative. Rich Holten told him that they have put enough money in the baseline to finish the analysis required to come to a decision point, but do not have implementation of the strategy in the baseline. DOE plans to develop implementation plans for all 42 C3T opportunities

Harold Heacock also asked what DOE's priorities would be if it did not get all the funding it requested. DOE replied that most things would still be done by 2012, though at some point it would need to pick up the pace to finish the 300 Area by 2012.

Gerry Pollet inquired about whether it was feasible to run alternative baseline scenarios for increasing implementation of the groundwater strategy, including monitoring wells and the pace at which groundwater remediation begins. For example, they could look at the concept of beginning groundwater remediation for each 100 Area within a year of completing soil in the 100 Area. Gerry acknowledged that since they did not yet know what the technology would be, they would have to coordinate with Ecology and the EPA on gross assumptions about final remediation.

Pam Brown wondered if the reprioritization of the DOE-Headquarters Science and Technology program, including the focus areas, would have an effect. Rich Holten replied that when DOE proposed the projects, DOE-Headquarters was looking for near-term victories, and it was harder for their longer-term strategies to qualify.

Dan Simpson asked if the program included the performance of competent risk assessment to compare available alternative technologies. Rich Holten indicated that was

part of the Superfund process, since risk to health and the environment is one of the ten criteria used to come to a Superfund cleanup decision.

Gerry Pollet clarified that he was asking DOE-RL to run budget scenarios based on the HAB's proposed advice to accelerate groundwater and cleanup of the 300 Area, in order to see how that would impact the baseline. He asked other committee members to generate ideas for DOE-RL to run some scenarios with different priorities. Gerry outlines four proposed baseline scenario alternatives:

1. Increase in Groundwater Monitoring under a flat funding case, a 2012 Plan case, and a case in which single shell tank closure is delayed until groundwater remediation is completed.
2. Begin remediation of groundwater in the 100 Area within one year of completion of soil cleanup units and complete remediation by 2018.
3. Vary the 2012 Plan baseline to include an unrestricted cleanup level for 300 Area sites under both a flat and a 2012 Plan scenario.
4. Accelerate initial of cleanup for the 619-10 and 11 burial grounds, including retrieval of transuranic and remote-handled transuranic waste starting in 2008.

Bob Rosselli explained that the alternatives are meant to give the committee ammunition to make a proposal to the full Board on advice to give DOE that might differ from the current baseline. Gerry Pollet indicated he had developed the alternatives based on the Board's advice in the past about its priorities.

Committee members discussed which of the four scenarios Gerry Pollet proposed would be attractive for DOE-RL to run. The group agreed to request that the second scenario be run. Gerry Pollet agreed to report this at the February Board meeting.

### **River Corridor Contract Draft Request for Proposal**

Clark Gibbs, DOE-RL, presented an update on the current status of the River Corridor Contract procurement. He said that the Source Evaluation Board (SEB) completed the final Request for Proposal (RFP) on January 17<sup>th</sup>. DOE-Headquarters began its review on the 22<sup>nd</sup>, and the last Thursday of the month DOE went out with formal notification of RFP availability. Proposals would be due by April 26<sup>th</sup>, and assuming there were no discussions, the award would be sometime around July 26<sup>th</sup>.

With regard to the HAB advice on the draft RFP, there were four HAB comments that DOE felt represented a difference of opinion between DOE and the HAB. DOE received 562 comments on the draft RFP. Close to half of the comments were from DOE, although they also received comments from regulators, many prospective offerors, and the public. As a response to a letter they received from Hanford communities, DOE

inserted a Community Commitment clause into the RFP. In addition, it responded to a letter from the Port of Benton to clarify that some 300 Area buildings were unsuitable for further use.

After the draft RFP was released, DOE conducted one-on-one meetings again with prospective offerors, which had a significant impact on the final RFP. They also updated the Corp of Engineers cost estimate. Clark Gibbs reported that the questions and answers (Q & A's) had gone onto the website today based on questions that arose out of meetings with the HAB, other people at DOE, and prospective bidders.

#### **Committee Discussion**

- Susan Leckband asked what Clark Gibbs' confidence level was that a percentage of the 11 interested companies would bid. Clark replied that the RFP encouraged companies to team, so a substantial majority of the 11 could appear as members of a team. It was reasonable to assume they would get competition, but it was not possible to determine how many proposals would be submitted.
- Pam Brown thanked DOE for its responsiveness to the input from the HAB and the Hanford Communities. She said she was pleased to see the contract award date of July 24<sup>th</sup>. She wondered if they had heard that the Price Anderson Act expired on August 2<sup>nd</sup>. Clark Gibbs told her that it was a serious matter, and the simplest interim solution seemed to be to extend the Price Anderson Act by a year. If it expired and there was no replacement act, it would be very difficult to encourage a company to participate in this solicitation.
- Gerry Pollet commented that the overall changes were very positive and addressed a lot of the HAB's concerns related to a closure contract with so many unknowns. Gerry was still concerned about the employee concerns program. The HAB advice specifically talked about offering employees the ability to seek review of concerns by the Hanford Joint Council, and it was not enough to state only that contractors should follow DOE's employee concerns guidelines. Clark Gibbs replied that there was no question the contractor had a stated fee at risk if its employee concerns program turned out to be defective.

#### **Allied Technology Group Issues**

Ron Skinnerland, Ecology, stated that Allied Technology Group (ATG) is the facility that is going to treat mixed waste. Jerry Henslee, Unit Manager for ATG, has been working with Ecology on its permit for treating mixed waste. Ecology believes the waste has been stored safely at that facility. A bankruptcy judge ruled on Friday that a trustee be appointed to look after the facility. The State of Tennessee, EPA and Ecology were involved in that process. The next step, once a receiver is in place, is for Ecology to work with it on its plans for the facility.

Earl Fordham, Washington State Department of Health (WDOH), did not believe Ecology or WDOH attorneys had gotten anything from the pleadings on Friday. WDOH knows there will be a process where both the bank and ATG put names together for a trustee. Those names would come to the regulatory bodies in the states to review, and



then go back to court. The person would typically be a bankruptcy trustee to oversee the company's finances and operation.

### **Committee Discussion**

- Pam Brown asked if the regulators would be comfortable with the safety of the facility if they were living next door. Ron Skinnarland responded that WDOH and Ecology had made it clear that it is essential to maintain round-the-clock security staff at the facility. Earl Fordham added that the initial shutdown in December had taken ATG staffing down to nine people. Court proceedings in December took them back up to a staff of about 20 to 25 people in operations, radiation protection, maintenance, and administrative staff.
- Gerry Pollet inquired about contractual requirements for generators to take waste back. Earl Fordham responded that what happens between two parties in a business arrangement is between those private parties. The license says ATG has the right to return waste, processed or not. WDOH looks at the way ATG operates based on pounds because when you supercompact or thermally treat something, the volume changes. WDOH tracks everything based on incoming weight, and a lot of the material is ready to go for off-site shipment.
- Gerry Pollet asked whom the DOE waste would be returned to. Earl Fordham answered that it was premature to say, but the business arrangements were written for the waste to be returned to the original shipper or generator (processed or not).
- Gerry Pollet remarked that if ATG were unable to restart the melter, it could not store the waste indefinitely. He wanted to know what would happen to DOE waste from non-Hanford sites that were now at ATG. Ron told him that there would likely be two paths. The trustee and creditors could decide that there was not a reason to operate it and liquidate what was there. The waste would then be sent back to the generators. If it did operate the melter, there was not much mixed waste that could be disposed of in the permitted facility because it had not been treated. Therefore, that waste would also be sent back to the generator unless there was an emergency at the site.
- Dan Simpson asked what licenses and permits the facility was currently operating under and whether it was in compliance. Earl Fordham told him that WDOH had two radioactive materials licenses there – one for low-level and one for mixed waste. WDOH had been addressing compliance issues with the way ATG terminated employees without conducting whole body counts. There was one compliance issue right after the shutdown where DOH walked through the entire facility to find out where ATG was not protecting health and public safety. That was addressed within the first week.
- It was Keith Smith's understanding that ATG could only keep waste so long and then it would be out of compliance. He asked if ATG had issues like that. Ron Skinnarland mentioned that there was waste in that category, and the critical decision was whether there was a viable plan to treat the waste. They would not know that for a few weeks.

Fred Jamison, Ecology, recalled a question being brought up at a HAB meeting about thermal treatment of low-level mixed waste for a TPA milestone. In this case, ATG

performed that treatment. Ecology is concerned about the milestone for treating 240 cubic meters by December 31, 2002. Fred was very interested in the trustee's plan for going forward because DOE is responsible for seeing that the thermal treatment of the mixed waste is performed. If it were not accomplished, there would be a compliance issue.

Gerry Pollet raised one other outstanding issue: what happened to the money DOE-RL paid to ATG for waste treatment but has not yet received any waste treatment for? In his opinion, it appeared that Fluor Hanford took out a lien on the ATG facility in July implying a lack of confidence in ATG.

Pam Brown suggested the committee provide these questions to Ecology, EPA, Fluor and DOE and ask to be apprised about any relevant information.

### **Committee Business**

Ruth Siguenza announced there would be a single-purpose BCC meeting on February 6 at 7:30 p.m. to look at the administration's budget request for FY 2003 and what response the Board may want to give at the February Board meeting. For the February HAB meeting, she recapped that Bob Larson would be invited to give the report on DOE's response to HAB advice on the Draft RFP for the River Corridor Contract. Gerry Pollet would give an update on the committee's request for an additional budget scenarios based on acceleration of groundwater cleanup.

### **Handouts**

- Joint Committee Meeting: Budgets & Contracts, Tank Waste, and River & Plateau, Draft Meeting Agenda; January 28, 2002.
- EM Management Commitment Milestones, DOE-RL; January 28, 2002.
- River Corridor Contract Update, DOE-RL; January 28, 2002.
- HAB BCC – FY 2001 and FY 2002 Budget Status, FY 2003 and FY 2004 Budget Status, Bob Tibbatts, Budget Director; January 28, 2002.
- FY01 FHI Fee Summary and FY01 BHI Fee Summary, DOE-RL; January 28, 2002.
- Budgets and Contracts Committee Work Planning Table; November 19, 2001.
- River and Plateau Committee, Draft Meeting Summary; November 7, 2001.
- Joint Committee Meeting: Budgets & Contracts and River & Plateau, Draft Meeting Summary; November 7, 2001.
- HAB Budget Process Timeline for Fiscal Year 2002, October 9<sup>th</sup> Revision; January 25, 2002.

### **Attendees**

#### **HAB Members and Alternates**

Al Conklin	Harold Heacock	Dave Johnson
Maynard Plahuta	Gerry Pollet	Dan Simpson
Keith Smith		

**Others**

Clark Gibbs, DOE-RL	Rick Bond, Ecology	Nancy Myers, BHI
Rich Holten, DOE-RL	Melinda Brown, Ecology	Bryan Kidder, CHG
Jim Kaulzkey, DOE-RL	Gerry Hensly, Ecology	Barbara Wise, FH
Bob Rosselli, DOE-RL	Fred Jamison, Ecology	Natalie Renner, EnviroIssues
Chris Smith, DOE-RL	Ron Skinnerland, Ecology	Ruth Siguenza, EnviroIssues
Bob Tibbatts, DOE-RL	Dennis Faulk, EPA	Chris Chamberlain, Nuvotec
Janis Ward, DOE-RL	Earl Fordham, WDOH	Jay McConnaughey, Yakama Nation